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EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES*

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INFORMATIONAL BULLETIN

**RATES FOR PRESCRIBED DRUGS UNDER M.G.L. c. 152, WORKER'S COMPENSATION
ACT**

**Bulletin 03-13
September 26, 2003**

The Division is issuing this Informational Bulletin under the authority of Regulation 114.3 CMR 40.01(3) to clarify provisions for providers and purchasers of prescribed drugs under M.G.L.c.152, the Worker's Compensation Act.

Outside section 343 of Chapter 26 of the Acts of 2003 (the FY04 Massachusetts State Budget) repealed a statutory prohibition on the Division's "use, either directly or indirectly, of a discount from the primary standard used" in establishing the reimbursement rate for prescribed drugs. Pursuant to this section, the Division is establishing a simpler method to determine the appropriate price to pay for prescribed drugs. Under the new system, worker's compensation payers will be able to determine payment for prescribed drugs without requiring a direct request to the Division for this information.

114.3 CMR 31.00 governs the reimbursement methodology for prescribed drugs for both governmental and workers' compensation payers. It defines a drug's ingredient cost as the Estimated Acquisition Cost (EAC), as follows:

An estimate of the price generally and currently paid by eligible pharmacy providers for the most frequently purchased package size of a drug. The EAC shall be the drug wholesaler's acquisition cost (WAC) plus 6 percent.

Effective immediately, workers compensation payers may determine the EAC of a prescribed drug consistent with WAC plus 6% by multiplying the average wholesale price (AWP) times 84.8%. The AWP is a widely published list price reported by drug manufacturers to several commercial publishers of drug pricing data such as the Red Book®.

Please note that all other provisions of regulation 114.3 CMR 31.00, such as dispensing fees, continue to apply to workers' compensation payers.